March 9, 2009

John B. Hagerty, Chairman Mike Dixon, Member Wayne Adams, Member Susan Marlowe, Member Harry Gregorie, Member Mayor Harry M. Hallman, Jr., Ex Officio W. E. Craver III, General Counsel BG Hugh B. Tant III, Executive Director

The Honorable Mark Sanford Office of the Governor State House, 1<sup>st</sup> Floor 1100 Gervais Street Columbia, SC 29201

Dear Governor Sanford,

As your appointee to the Patriots Point Development Authority Board, for which I serve as Chairman, I am writing to let you know the condition of the Naval & Maritime Museum. This follows my phone calls to your office. I feel it is imperative that you are aware of the challenges now facing this great state historic site.

In June 2008, the board hired Brigadier General Hugh B. Tant III, USA (Ret.) to serve as Executive Director of the agency and the museum. General Tant served our country faithfully in a long career in the Army where he was a highly decorated officer. His final assignment in the Army was at The Pentagon where he was responsible for two-thirds of the Army's budget which amounted to \$44 billion dollars. He retired in 2001, but was asked in 2003 to perform a Presidential-directed mission to serve as the Director of the Iraqi Currency Exchange under Ambassador Bremer.

In General Tant's first six months at Patriots Point, he thoroughly and systematically conducted a review of the staff, operations and historic assets at Patriots Point. He established the first ever Marketing Department for the agency and assembled a talented and experienced team to promote this great museum that serves to foster Patriotism, Honor and Character in our citizens and visitors. With this difficult economy, while other attractions in the Charleston are down 12-18% in attendance, Patriots Point is up 1% against our projections year-to-date.

Although a separate Patriots Point Foundation does exist, their ability to raise the kind of funds required is limited. General Tant has established a Department of Development within the agency to aggressively raise funds in support of our mission. This department has begun submitting grant applications on behalf of the agency and has launched a national capital campaign to support these National Historic Landmarks.

Directed by the Board, General Tant has proceeded to assess the condition of the historic assets. We retained one of the nation's leading hull surveyors to inspect all four ships. The assessment of our ships is grim. The USS Yorktown, the USS Laffey and the USS Clamagore all need substantial work. The Yorktown, of course, is the main draw here and must be protected at all costs.

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The Laffey has a rich history as part of the Normandy Invasion, followed by participation in the war in the Pacific. She earned her nickname as The Ship That Would Not Die after suffering intense attacks by Kamikaze planes and three direct hits by 500-pound bombs in the Battle of Okinawa. While she survived these horrific battles, she may not survive the war against rust today.

Late last year, we started experiencing holes in the hull allowing the ship to take on water. In one incident alone, the *Laffey* took on 125,000 gallons of water. Our crew worked diligently with a local diving company to make emergency repairs. For the moment, the ship is stable, however, our consultant has advised General Tant that if the ship does not get to dry-dock within the next 6 months, we could experience a catastrophic failure of the hull and the ship could sink.

General Tant and his staff immediately launched several initiatives:

- 1. They prepared a thorough report of the financial needs of the agency and have been briefing members of the South Carolina delegation in Washington and the state Joint Bond Review Committee and the Budget and Control Board.
- 2. They applied for and received permission to conduct the necessary Phase I studies on our four ships and several landside improvements.
- 3. The Operations staff is considering every option for the future of the *Laffey* including a) making the necessary repairs; b) moving the ship to landside or placed within a cofferdam; and c) deassessing the ship and sending her to a federal reef to be sunk.
- 4. To protect the other ships and limit future financial exposures, a cofferdam has been proposed to encase the USS Yorktown, thereby allowing us to make her repairs in place and limiting the impact of the harbor on the hull of the ship. There are plans to repair the USS Clamagore and move her to a landside exhibit, similar to the USS Drum exhibit in Mobile, Alabama.
- 5. Our staff began working to make the USS Laffey watertight so that she could be moved when financially possible.
- 6. The Board, upon recommendation by the staff, has made the decision that the USCGS Ingham should be de-assessed. Based on visitor surveys, we do not believe that the removal of this ship will affect visitation at all. We have made contact with another museum in Key West, Florida which has an interest in the ship. This will save us approximately \$100,000 a year in maintenance and staff expenses.

In working to make the *Laffey* watertight, our staff removed walkways, piping and other impediments to allow access to the ship's bulkheads. This allowed complete access to the space beneath the ship's boilers that were not viewable before. The latest report of the hull surveyor notes:

All of the vessel's bottom structure has deteriorated to an unsafe degree. . . Of concern is the condition of the bottom frames that are utilized to support the massive foundations for the four boilers. These frames have largely deteriorated and there is concern that the boiler(s) could collapse on the bottom given the severe deterioration. Due to this condition, crews working in these areas are in a perilous way. Any further work contemplated in these areas must be severely limited out of safety concerns.

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If the boilers collapse on the bottom, the result would catastrophic. We can install some side bracing to the good frames as a stop-gap measure to allow transit to dry-dock.

As you can see, the situation with the *Laffey* is critical. General Tant and his staff are consulting with local dry-docks to prepare for emergency procurement procedures to secure this ship before the hull failure.

It will require \$2 million to dredge the marina, remove the necessary impediments and tow this ship to dry-dock. It will then require at least additional \$8-10 million dollars to repair the *Laffey*.

We urgently need your assistance to identify funds to supplement what we can raise publicly to afford these repairs. Failure to do so puts the ship at great peril. If she sinks at the dock there is some possibility of the vessel breaking her back due to the uneven bottom contour. The cost to cut up the ship in place for removal and disposal would easily exceed the cost of repairs.

The Board, with the input of General Tant and his staff, has put a strategic plan in place to make the needed repairs to all of the ships, make a number of landside improvements and initiate the Master Plan for Patriots Point to complete the build-out of the site for highest and best use. The Board is looking strategically at both the long term development of Patriots Point and a realistic assessment of the projected capital costs of maintaining her historic assets.

We have completed economic impact studies to assess the current impact of the museum on the state's business income and jobs created. We have also projected the economic impact of both the construction we need to initiate and the effects of the Master Plan. I am pleased to report that Patriots Point is a vital economic engine that makes a substantial impact on the South Carolina economy. I have enclosed these reports for your review.

While the Laffey is our immediate concern, the larger needs of the agency total \$64.6 million. Last week, we received commitments from Congressman Brown and Congressman Clyburn to include Patriots Point in federal appropriations beginning with the 2010 federal budget. These are federal ships, and the federal government has made generous contributions to similar projects with the USS Alabama in Mobile, the USS Intrepid in New York, the USS Missouri in Hawaii, and the Museum of the Pacific War in Hawaii.

We have received broad support from both our Washington and Columbia delegations for consideration for any discretionary funds through the American Recovery and Reinvestment Act that may exist. The information that we have been able to garner thus far about the ability and distribution of any funds has been inconsistent and, in some cases, contradictory. I would appreciate your help in deciphering this.

Enclosed is our full briefing we have been making to state and federal legislators. General Tant and I would also like to brief you in person as well.

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Patriots Point is a tremendous facility and a great asset to the state of South Carolina. Our history and marine science education programs have been serving the students of the Carolinas for decades. Our *Yorktown* camping program attracts tens of thousands a year. This popular program is now catering to the second generation of young people as evidenced by fathers who are now accompanying their children to camp overnight as they once did. Military reunion groups, promotion and retirement ceremonies book tours and events every year at Patriots Point. Most importantly, our staff is teaching our new generations about the great stories of freedom and sacrifice; the tales of our country's greatest heroes at the Medal of Honor Museum; and inspiring youngsters to pursue a life dedicated to public service.

It is a privilege to serve on this board. However, to protect the investment by the state in our economy and our culture, we need your help. We need to identify funding options promptly and act decisively to protect these National Landmark Ships.

I look forward to hearing from you soon and await your counsel and guidance.

Very Respectfully,

John B. Hagerty, Esquire

Chairman, Patriots Point Development Authority

cc: Board of Directors, Patriots Point Development Authority

Brigadier General Hugh B. Tant III, USA (Ret.), Executive Director

Charleston County Legislative Delegation

The Honorable Hugh K. Leatherman Sr.

The Honorable Lindsey O. Graham

The Honorable James W. DeMint

The Honorable J. Gresham Barrett

The Honorable Henry E. Brown Jr.

The Honorable James E. Clyburn

The Honorable Robert Durden Inglis

The Honorable John M. Spratt Jr.

The Honorable Joe Wilson